



Testimony of Willie Washington
California Manufacturers and Technology Association

Comments on California Performance Review Proposed Changes for Labor and Workforce Development Agency (Chapter Four)

The California Performance Review (CPR) task force recommended major changes affecting Labor and Workforce Development Agency that include transferring most agency functions to a new “Department of Labor and Economic Development” to better reflect the expanded role of the department.

Comment: The California Manufacturers and Technology Association (CMTA) have no specific opposition to this provision and recognize that it has potential. However, CMTA is concerned that adding responsibility for economic development to the Department of Labor is a major departure from its ordinary charge of managing unemployment programs, training and development, workers’ compensation, workplace safety etc. CMTA believe that it is extremely important that the economic development division be structured in such a manner that would insure that the best available talent from business and industry are recruited to fill key positions.

The CPR stressed the need for good jobs for Californians that have been too few over the past several years to contribute to the economic performance of the state. The report also stressed that in order to bring jobs and economic growth back to California and to restore the business climate, the state must be attractive to companies and government should provide a framework to enable businesses to grow and prepare workers with the skills necessary to compete in the 21st century.

Comment: CMTA strongly supports this recommendation and looks forward to working with the administration to bring this recommendation to fruition.

In its key findings, the CPR identified three core issues, all of which result from a lack of coordination:

- Economic development programs are not coordinated;
- Training programs are not coordinated and;
- Multiple entities are responsible for resolving workplace disputes.

In order to address these problems, the CPR recommended that the state's economic strategy and workforce development programs should be integrated into a Department of Labor and Economic Development. The Department would be responsible for:

- Job, workforce and economic policy development;
- Business and industry promotion;
- Business and economic strategy planning;
- Labor market projections and analysis;
- Workplace protection; and
- Provision of labor-related benefits.

The Department would link workers with employers by identifying workforce trends, providing continuing training and support and helping employees and employers work together on the job. And by linking education and training with the best information about future economic trends, it would meet the needs of employers and help to create good jobs for Californians.

Comment: CMTA strongly support this provision. We believe that putting all of the resources of education, training, workforce and future economic trends under a single umbrella where workers would have access to a seamless system that would identify needed skills and channel worker in the right direction would be a more efficient and cost effective system.

According to the report, the Department would also bring together the six separate entities currently operating economic development programs and coordinate their efforts to provide assistance to new businesses and give them a voice in the creation of policies affecting their ability to operate profitably.

The report recommends integrating all of the various appellate programs – Unemployment Insurance, Workers' Compensation and Occupational Safety and Health into an office of appeals. The purpose of the office would be to ensure that decisions are fair and consistent and provide flexibility in assignments to prevent backlogs. The report also recommends that many of the commissions, panels, boards etc. with which employers are familiar be eliminated and their functions transferred to five newly created divisions:

- Economic Development;
- Workforce Development;
- Workplace Protection;
- Benefits; and
- Office of Appeals.

Comment: Economic Development Division. CMTA believes that it is extremely important that the economic development division be structured in such a manner that would insure that the best available talent from business and industry are recruited to fill key positions.

Comment: Workforce Development Division. Employment Training Panel (ETP) and its functions would be transferred to this division for coordination and oversight. CMTA is concerned because it is not clear if ETP would continue to exist and perform its current functions or not. ETP is made of representatives of labor and employers and we believe that the two major parties at interest have a vested interest in the program and are better able to make decisions regarding the granting of training funds than a bureaucrat representing government.

Comment: Workplace Protection Division. CMTA has no specific objections to this division.

Comment: Benefits Division. CMTA is concerned that transferring workers' compensation benefits to this division may not prove to be either efficient or practical. Considering that under the CPR recommendations, the workers' compensation program has been divided into three separate divisions that will require with a mind boggling realignment of duties and personnel.

Comment: Office of Appeals Division. We are concerned about the major differences in the functions of these programs to be consolidated and the ability of personnel selected from a pool to provide quality and timely reviews of such diverse worker-related issues and claims. The recommendation does not address the qualifications of personnel or the rationale for the current make up of these boards and commissions that may be lost to the detriment of workers and employers. We agree that some savings could be achieved by consolidation the boards and commissions and eliminating duplicative administrations. However, we are concerned that the functions would still be performed effectively under the new administration and that the appeals from these decisions would more than offset any savings from reduced supervision.